

NIH - IC Purchase Card Coordinators Meeting March 1, 2011

Attendees:

| | | |
|---------------------------------------|-----------------------------|-----------------------------|
| Keisha Alexander-Fletcher, OD/DSAPS * | Robert Ennis, NCCAM | Anita Patel, NIMH |
| Renata Baginski, NIDA | Paul Errett, NICHD | Traci Pelan, NEI |
| Brandon Bock, PwC | Phyllis Exum, NAI/IRP | Robin Prigal, NCRR |
| Antoinette Bridges, NIEHS * | Maria Fernandez, OD/DSAPS * | Doreen Rappaport, OD/DSAPS |
| Charles Brown, OD | Linda Fitzwater, NINR | Brice Rhee, PwC |
| Michael Brown, NEI | Michelle Foster, OD/DSAPS | Jody Sallah, NIDDK |
| Sheryl Brugh, NIDCD | Ignacina Francis, NIA | David Schneider, NHGRI |
| Angela Bunks, NIBIB | Valery Gheen, NCCAM * | Candice Scott, NINR |
| Sandy Camman, NIAAA | Debbie Haynes, NIDA | Patricia Simmons-Drake, ORF |
| Joan Coulter, NLM | Deborah Ivey, ORS | Mary Smith, OD/DSAPS |
| Marilyn Cuzzolina, CSR | Tonya D. Joseph, NICHD | Chris Spates, NIMHD |
| Nancy Davis, OD/DSAPS | Shamay Knox, NIAID | Larry Sutton, NIDCR |
| Tabitha Davol, OD/DSAPS | Ken Mares, NCI | Teresa Thomas, OD/DSAPS |
| Inez Demery, NICHD | Mike Martin, FIC | Theresa Tolbert, NIMH |
| Dionne D. Draper, NIMH | Maribel Miranda, NIAID | LaShonda Wooten, NIGMS |
| Hank Durand, OD/NBS | Jim Mitchell, NHLBI * | Zedekiah Worsham, OD/DSAPS |
| Linda Ennis, OD/NBS | Vanessa Palacios, OD/DSAPS | |

*Attended using teleconference system.

Mary Smith, Director of DSAPS, called the meeting to order at 9:30 a.m. 50 persons were in attendance, 45 in-person and 5 attending by teleconference. Ms. Smith thanked Zedekiah Worsham for his leadership as Acting Purchase Card Program Branch Manager for the past year. Ms. Smith then introduced Doreen Rappaport as the new Purchase Card Program Manager. Ms. Rappaport told attendees that she is looking to strengthen the Purchase Card Program and wants to work closely with Institute or Center (IC) Coordinators. She announced that there would be quarterly meetings and that the next meetings are scheduled for May, August, and November. There was discussion about whether IC coordinators should attend meetings in person or via conference call. There are some remote IC Coordinators (NC and Baltimore) so conference call capability is important to them. However, other IC Coordinators stated that attending in person is preferable. For now, the Purchase Card Program will encourage on-site attendance but allow for those ICs who are remote to conference call.

Main Agenda Topics:

1. **Oligos** - Zedekiah Worsham spoke about a successful pilot that was conducted with several ICs regarding oligos purchases. The pilot allowed cardholders to consolidate their oligos purchases by participating in a monthly roll-up program through IntraMalls, LLC. Instead of being billed individually per oligos purchase, IntraMalls creates a monthly consolidated bill of oligos that are purchased during that month. This program will soon be made available to all ICs and an announcement will be sent to IC Coordinators with further details. Cardholders may still continue to purchase oligos directly via the purchase card instead of

using IntraMalls once the program is implemented. There was also discussion on the eVO card and ATGC cards which are offered from other vendors and can be used to purchase oligos. The eVO card is currently prohibited. The ATGC card is similar and also should not be purchased.

2. **PricewaterhouseCoopers (PwC)** - Vanessa Palacios introduced two of the staff from PriceWatershouse Coopers (PwC), the contractor for the NIH Purchase Card Program support contract. PwC will be working with the Purchase Card Program to conduct on-site reviews and targeted compliance reviews of purchase cards, as well as other projects. On-site reviews started in the first quarter of FY 2011. About 10 percent of all transactions will be reviewed as part of the audit. Emails will be coming from PwC notifying IC Coordinators of these reviews. Any cardholders with questions about the process can email Purchase Card Compliance Reviews mailbox which is in the global directory.

Ms. Rappaport mentioned the IG is also conducting quarterly reviews on potential split purchases. Their review of FY10, 4th Qtr purchases consisted of over 5000 transactions. Based on NIH and other OPDIV feedback, however, the review for the 1st Qtr of FY11 has been sizably reduced to over 500 transactions. Certain items were eliminated, including training and phone bills. ICs that have transactions selected for review have already received emails requesting information on these purchases. An IC Coordinator asked if the IG would consider looking at the date the order was placed instead of the date the transaction posted since some vendors invoice multiple orders on the same day even though the orders were actually placed on different days. Ms. Rappaport will work with Hank Durand from NBS to determine if additional data could be pulled from NBS including this field, as well as description and CAN number to help ICs with further analysis of the transactions.

3. **Update of NIH Purchase Card Supplement** - Nancy Davis spoke about changes to the NIH Purchase Card Supplement. Some of the major changes include: 1) mobile device policy, 2) prohibition of the purchasing gift cards with an activation fee, 3) subscriptions for electronic devices are prohibited if made in the name of an individual, and 4) information added in the property section of the Supplement regarding verification that property has been appropriately entered into NBS. For specific details, please refer to the Office of Acquisition & Logistics Management Jan/Feb 2011 newsletter which is available online at <http://oamp.od.nih.gov/Division/SAPS/Acq/NewsLetter/JanFeb11.pdf>.

There will be additional forthcoming changes to the Supplement including policy clarification for the purchase of safety glasses which is currently listed as a restricted purchase. The wording will be changed to indicate safety glasses can be purchased; however, the purchase of prescription safety glasses still will require special approval.

Several IC Coordinators asked questions about the policy requiring certification statements indicating that items purchased are for a bonafide need for the government and whether as part of the pre-approval process, specific language is required. In the Purchasing On-line Tracking System (POTS), apparently the statement prints out on the requisition. It was asked

if this should be changed and if it is required for each transaction. The Purchase Card Program will clarify this in the future.

4. **Gift card policy related to Employee Incentive Awards** – Ms Rappaport said ICs wishing to purchase gift cards as part of an employee incentive award program must have policies in place that comply with the guidance and parameters in the NIH Purchase Card Supplement (Version 5). The deadline for policy submission to the Purchase Card Program was extended to Feb 28. In the interim and until the policies are reviewed by the Purchase Card Program, as long as the policies are approved by the IC Directors and in compliance with the NIH Supplement, cardholders may purchase gift cards as part of this program.

Some parameters to keep in mind include: 1) Gift cards can only be bought as part of the employee incentive award program; 2) Contractors are not eligible to receive gift cards; 3) The single gift card amount cannot exceed \$50; 4) A requirement to use the gift card must exist within 30 days of the date purchased, 5) Cards cannot be stored for future use, and 6) The IRS treats gift cards as a taxable fringe benefit and employees must report it accordingly on their taxes. For additional information, ICs should refer to the NIH Supplement. An IC coordinator asked if gift cards could be purchased as an incentive award for volunteers. The gift card policy was established as an employee incentive award program, not for volunteers; however a definitive statement will be communicated later on this issue.

5. **Convenience checks** - Teresa Thomas said that GSA and OPM have told agencies that both the number and dollar amount of convenience checks must be cut by 5 percent per year. There are a number of drawbacks to convenience checks including problems with cost, internal controls, etc. These checks are normally used to pay an individual for professional services and use for any other purpose must be approved by the IC Coordinator. Ms. Thomas mentioned that convenience checks may be used a maximum of six separate times to pay an individual for services. Additional usage reports will soon be sent to IC Coordinators. Ms. Rappaport also mentioned the importance of obtaining SSNs or EINs for convenience check recipients as NIH must send 1099s for income tax purposes. This information needs to be entered into NBS as part of the purchase log. Several IC Coordinators questioned whether recipient's Social Security Number should be entered on the front of the Convenience Check as they were concerned about privacy issues. This is not currently a requirement.

Another issue discussed was Default Common Accounting Numbers (CAN) for each purchase card. Apparently a large number of cardholders do not know their default CAN. It was asked whether default CANs can be added to the Purchase Card Program's monthly report of Purchase Cardholders and Card Approving Officials (CAOs) that is sent to IC Coordinators.

6. **Disputes** - Tabitha Davol reviewed how cardholders need to handle disputed transactions in order to fight fraud. Examples of valid disputes were provided: products or services ordered but never delivered, defective items not replaced, incorrect or altered transaction amounts, cancelled transactions ; product returned to merchant (other than in person); cancelled recurring transaction (e.g., journal subscription); credits never received etc. She stressed

that there is a proper procedure for cardholders to follow and if they fail to follow it, they may be held personally liable for failure to dispute incorrect or improper charges. From the time a disputed transaction is processed, there is a 90-day deadline to notify the bank. She outlined the procedure in detail and also informed attendees that cardholders cannot dispute shipping charges, taxes, exchange rates or convenience check purchases – those items must be resolved directly with the merchant.

During discussion, it was noted that cardholders should follow the dispute through to resolution which includes matching it in the log and clearing it out of NBS once it is resolved. If cardholders don't clear disputes, the dispute remains in NBS even after a credit has been given. It was stressed that if a dispute cannot be resolved with the merchant – the cardholder must file an official dispute form with the bank within 90 days of the posted transaction date; otherwise, the cardholder may be held liable for the purchase. The dispute form can be found on the PCard web page at <http://oamp.od.nih.gov/Division/SAPS/Acq/PCard/DisputesForm.pdf>.

7. **Cardholder Suspensions and Proxies** – Michelle Foster stated that the Purchase Card Program has been receiving a number of proxy requests for cardholders that take extended leave. She said the Purchase Card Program needs to know about any extended leave of a cardholder so the account can be suspended for security reasons. This will prevent card sharing and fraud. If a cardholder is away, a proxy can be assigned who will be responsible for any transactions that are not reconciled. However, if a proxy is in place and the cardholder has actually left NIH, cancellation notices must be submitted so that we can close the account. In cases of system issues with NBS or missing paperwork, an extension request for reconciliation can be submitted.
8. **NBS** - Hank Durand discussed recent NBS issues and enhancements including some convenience check issues with forms not clearing in NBS. This issue is being resolved. Mr. Durand encouraged IC Coordinators to submit NBS system enhancement requests. He appreciates suggestions from cardholders and can assign resources if needed to make enhancements. An IC Coordinator mentioned that NBS did not make the necessary changes after she reassigned a CAO. Mr. Durand asked the IC Coordinator to email the Credit Card Help desk so he can look into the problem.
9. **Year-End Shutdown** – Mr. Worsham asked IC Coordinators if they had any problems with the shutdown of purchase cards at the end of FY 2010. 90 percent of cardholders had their cards shut off during the last two weeks of the end of the fiscal year. IC Coordinators noted that the process worked well because they had to implement funds control. The only issue they had was at the beginning of the fiscal year, as there was some delay in accessing NBS again which was problematic for cardholders. Hopefully this can be relooked at for FY 2011.

Ms. Rappaport thanked all attendees for their participation and closed the meeting at approximately 11:30 a.m.